Phasing-out subsidies on Petroleum pruducts

421. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that subsidies on petroleum products are proposed to be phased out;

(b) if so, product-wise average cost, price and subsidies, togetherwith the time span and manner in which subsidies are to be phased out;

(c) what is the mechanism to ensure cost efficiencies for subsidiesed products produced under monopolistic/ oligopolistic situation and cost plus formula; and

(d) what cost economies have been achieved on subsidised products during the last five years, and impact of such economics on prices of each of subsidised products?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T.R. BAALU): (a) and (b) The cost of production of petroleum products would vary from refinery to refinery depending on the level of crude thruput, pattern of production, delivered cost of crude oil, cost of processing/refining and return on capital employed. The Government on 1.9.1997 have decided in principle to dismantle APM by introducing reforms in a phased manner based on the recommendations of the 'R' Group. Pricing of major petroleum products including HSD would be on import parity basis. The subsidy on LPG will be eliminated over a period of 24 months which would bring LPG prices to import parity at the end of the period. In the medium run, all petroleum products will be priced at import parity, except for Kerosene, the subsidy on which will be covered by additional realisation on Motor Spirit.

(c) and (d) Continuous efforts are made for ensuring cost control and economy in expenditure by fixation of standard/norms and monitoring the actual performance vis-a-vis norms for corrective action. There is an inbuilt system of providing incentives/ disincentives to the oil companies to reduce their cost of production and only the normative costs of the refineries are reimbursed.

Fire at Visakhapattnam Refinery

422. SHRI GAYA SINGH:
DR. Y. LAKSHMI PRASAD:
SHRI S. RAMACHANDRAN PILLAI:
SHRI S.M. KRISHNA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of the loss incurred to human beings and property by the devastating fire that occurred at the Vishakpattnam refinery on August 24, 1997;

(b) whether any enquiry has been conducted into the causes of the fire; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T.R. BAALU): (a) to (c) The fire accident in HPCL's Vizag Refinery/Marketing Terminal, on 14th September, 1997 has resulted in the death of 60 persons, injuries to 10, and financial loss of about Rs. 80 crore. The Government have set up a Commission under Commissions of Inquiry Act, 1952, to enquire into the accident. The Commission has been asked to submit its Report within a period of three months.

Assam Government's demand for Higher Royalty

423. SHRI K.M. SAIFULLAH: Will the Minister of Petroleum and Natural Gas be pleased to state:

(a) whether Government of Assam